



**MONTANA**

DEPARTMENT OF COMMERCE

**HOUSING DIVISION – MONTANA BOARD OF HOUSING**

**MONTANA BOARD OF HOUSING**

MACo Conference Room  
2715 Skyway Drive – Helena, Montana 59601  
August 12, 2013

**ROLL CALL OF BOARD**

MEMBERS: J.P. Crowley, Chairman (Present)  
Ingrid Firemoon (Present)  
Bob Gauthier (Excused)  
Doug Kaercher (Present)  
Jeanette McKee (Excused)  
Pat Melby (Present)  
Sheila Rice (Present)

STAFF: Bruce Brensdal, Executive Director  
Chuck Nemec, Accounting  
Mary Bair, Multifamily Program  
Vicki Bauer, Homeownership Program  
Penny Cope, Public Relations  
Paula Loving, Executive Assistant  
Angela Heffern, Accounting Program  
Kellie Guariglia, Multifamily Program  
Charlie Brown, Homeownership Program  
Jeannene Maas, Homeownership Program  
Todd Jackson, Multifamily Program  
Rena Oliphant, Multifamily Program  
Bob Vanek, Multifamily Program  
Linda Schofield, Administrative Assistant

COUNSEL: Greg Gould, Luxan and Murfitt  
John Wagner, Kutak Rock

UNDERWRITERS: Mina Choo, RBC Capital Markets  
Patrick Zhang, RBC Capital Markets

OTHERS: Harlen Wells, Missoula Housing Authority  
Heather McMilin, Homeward, Inc.  
Rusty Snow, Summit Housing Group  
Lucy Brown, Housing Authority of Billings

**MEG O'LEARY, DIRECTOR**



**STEVE BULLOCK, GOVERNOR**

<http://housing.mt.gov>

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Don Sterhan, Mountain Plains Equity Group  
Tim Burk, North Evergreen Village, Guardian Housing  
Jennifer Borland, North Evergreen Village/Guardian Housing  
Dennis Martin  
Garrett Sumner  
Doug Goroski, VFW -- VA Housing Project  
Shawn Backbone, Crow Veteran  
Evelyn Backbone, Crow Veteran  
Karl Little Owl, Crow Tribe Housing Authority  
Barry Glenn, Crow Tribe Housing Authority  
Brenda Pretty Paint, Crow Tribe Contract Grant  
Victoria Pretty Paint, Crow Tribe Legislative Branch  
Paul Groshart, Richland County Housing Authority  
Colby Turtaus, Accessible Space, Inc.  
Alex Burkhalter, Housing Solutions, LLC  
Jim Morton, HRDC District XI  
Michael Tolomeo, VFW, DVSO  
Lori Davidson, Missoula Housing Authority  
Dick Alberts, Lewis & Clark Heritage Tourism Council  
Beki Brandborg  
David Stewart, Apsaalooke Warrior Apartments  
Karen Thomas, HRDC District IV  
Diane Savasten Getten, HRDC District IV  
Craig Taylor, Communities for Veterans  
David Bland, Travois  
Marrienne Roos, Travois  
Nate Richmond, BlueLine Development  
Kelly Gill, BlueLine Development  
Fern Lohse, Buffalo Court Apartments – Hill County  
Eryn Nissen, HRDC – Opportunity Link  
Gene Leuwer, Buffalo Court  
Sanjay Taliwani, Independent Record  
James Fenner, Veteran  
Jeff Carlson, Mission Hills Mortgage  
Olivia Tooley, American Legion  
Adam Grater, Communities for Veterans  
David Torgerson, Windermere Real Estate – Helena  
Ira Bad Bear, Crow Tribe – Apsaalooke Warrior Apartments  
John Yellowmule, Apsaalooke Warrior Apartments  
Fred Charette, Apsaalooke Warrior Apartments  
Greg Dunfield, GMD Development  
Patrick Klier, Summit Housing Group  
Rusty Snow, Summit Housing Group  
Eric Novak, Accessible Space, Inc.  
Diane Hunt, Syringa Housing Corp

## **CALL MEETING TO ORDER**

Chairman J.P. Crowley called the Montana Board of Housing (MBOH) Board meeting to Order at 10:05 a.m. Introductions were made. The Chairman asked for any public comments not on the agenda.

## **APPROVAL OF MINUTES**

Doug Kaercher moved to approve June 3, 2013 MBOH Board minutes. Sheila Rice seconded the motion. Chairman Crowley asked for comments. Vicki clarified the change in the Homeownership program. On page 2, the \$50,000 set aside for the Insurance premium was to help with any loss claims and not meant to help with the premium deductible being raised from \$500 to \$1,000. The amended June 3, 2013 MBOH Board minutes were approved unanimously.

## **FINANCE PROGRAM**

Chuck Nemec presented the Finance update. Chuck reviewed the Fiscal year 2013. For FY2013, the Board incurred a \$3 million loss. The Governmental Accounting Standards Board requires the Board to report realized and unrealized gains and losses on our long-term funds. MBOH holds several million dollars of government securities in reserve funds for Single Family indentures. Due to the increase in rates from historic lows, MBOH needed to book \$2,350,000 of unrealized loss on investments. These rates increased at least 50% higher from FY2012. True loss on operations was \$650,000. An in-depth review will be conducted in an upcoming Board meeting. The 10-year US Treasury was trading at 2.56% the morning of this Board meeting.

## **HOMEOWNERSHIP PROGRAM**

Vicki Bauer presented to the Board the 2013B Bond Resolution No. 13-0812-S3 (ATTACHMENT I):

A resolution of the Montana Board of Housing making findings with respect to housing needs within Montana; the determination of certain terms of, a new issue of Single Family Bonds in an aggregate principal amount not to exceed \$75,000,000 to refund outstanding bonds and to purchase loans; approving the sale of said bonds pursuant to a purchase contract; approving the supplemental trust indenture, preliminary official statement and final official statement, continuing disclosure agreement and other documents related thereto; authorizing the execution of such documents; and providing for other matters properly relating thereto.

This Bond issuance will include approximately \$25 million to refund 2004A and 2004B Bond series and an additional \$25 million for new loan funding. Currently, approximately \$16.5 million are being reserved within the proposed Bond Resolution. John Wagner, Kutak Rock and MBOH Bond Counsel, reviewed the Bond issuance language. Sheila Rice moved to approve Bond Resolution 13-



Vicki Bauer presented to the Board the 2013 Annual Income Limits. Purchase Price Limits did not change from 2012. Doug Kaercher asked for history on consists of a targeted area. John Wagner clarified that some targeted areas are HUD required derived from the census track and some date back to 1970s and have never been updated. Pat Melby moved to approve the 2013 Annual Income and Purchase Price Limits. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. The 2013 Annual Income and Purchase Price Limits were approved unanimously.

Vicki Bauer provided the Homeownership Program update. Since the last meeting MBOH has received 211 reservations in the Regular Bond program, 10 Score Advantage Down Payment Assistance program, 12 Veterans loans, and three setaside loans. The Servicing program is going well. On July 1, 2013, MBOH Servicing transferred approximately 2600 loans from Streeter Brothers Mortgage Corporation. MBOH servicing loan portfolio is approximately 3,000 loans. Bruce Brensdal mentioned when the Board approved the Loan servicing program, it was estimated that approximately 2,000 loans would be serviced by MBOH. At the end of the 2013 Calendar year, MBOH will be servicing approximately 4,500 loans. Vicki provided the Setaside summary and Delinquency reports for review.

#### **MULTIFAMILY PROGRAM**

Mary Bair provided the Board with the Multifamily Program update. Mary provided a brief update of the 2012 Tax Credit projects. Sweetgrass (Shelby) and Haggarty Lane (Bozeman) will be placed in service within the next two months. Soroptismist Village's (Great Falls) rehabilitation is moving along and will close with their investor later in the month. Blackfeet V (Browning) was scheduled to close with their investor late last month. Depot Place (Kalispell) was placed in service the first part of May.

Mary Bair presented to the Board the Charlo Apartment Loan increase request. The costs have increased by \$40,000. Neighborhood Stabilization Program has the majority of the financing of this project and has reviewed and approved this increase. The Lake County Housing Authority has requested an additional \$40,000 from MBOH, bringing their total loan to \$100,000. This loan would come out of the Housing Montana Fund. Bruce Brensdal provided a review of the Housing Montana Fund in which finance this project. Sheila Rice moved to approve the additional request \$40,000 for the Charlo Apartments. Doug Kaercher seconded the motion. Chairman Crowley asked for comments. The Charlo Apartments increase of \$40,000 loan was approved unanimously.

Mary Bair presented to the Board the Buffalo Grass Apartments. In Cut Bank, the Buffalo Grass Apartments is requesting a loan of \$350,000. This project was approved for Low Income Tax Credits in 2013. Mary clarified that this is not additional funding costs. Buffalo Grass Apartments is requesting a change in funding sources. This loan would be financed by de-allocated Multifamily bond issuances funds from previous loans which have been paid back. Doug Kaercher

moved to approve the Buffalo Grass Apartments request for \$350,000 loan. Sheila Rice seconded the motion. Chairman Crowley asked for comments. The \$350,000 loan for Buffalo Grass Apartments was approved unanimously.

Mary Bair brought to the Board a correction to the 2014 Qualified Allocation Plan (QAP). Under Section 4 – Development Evaluation Criteria and Scoring – 10. Intermediary Costs (0-10 points), second paragraph:

For purposes of this section: (i) “soft costs” are those costs included by the applicant in the UNIAPP which are included as soft costs by the Intermediary Cost Analysis; (ii) “hard costs are and include all costs included by the applicant in the UNIAPP which are ~~(not)~~ included as professional work and fees, interim cost, financing fees and expenses, syndication costs and developer’s fees by the Intermediary Cost Analysis;...

Mary explained that with the deletion of the word “not” on hard costs basically means the hard costs and soft costs are the same thing. Greg Gould, Board Counsel, explained possible solutions to correct this issue, ranging from changing the 2014 QAP to elimination of the Intermediary Costs and points associated. Greg stated that Commerce Legal Counsel questioned the adequate timeframe in which it takes to finalize the QAP and the delaying of the 2014 Tax Credits award schedule. Staff’s recommendation is to eliminate the Intermediary Costs and its points from the 2014 QAP. Mary Bair presented the Multifamily Resolution 13-0812-MF1. SEE ATTACHMENT III:

Pat Melby inquired if the Board would still be able to look at the Soft costs. Mary stated that soft costs would be listed and would be reflected within the cost per unit so therefore; the Board would have this available to review. Sheila Rice moved to approve Multifamily Resolution 13-0812-MF1. Doug Kaercher seconded the Resolution. Chairman Crowley asked for comments. The 2014 Qualified Allocation Resolution was approved unanimously.

Mary Bair requested an update from Board Counsel, Greg Gould, on the Fort Harrison Freedoms Path lawsuit. Several motions have been filed by the Board and Freedoms Path. A hearing is set for the week of August 19, 2013.

Mary Bair presented to the 2014 Pre-applications for the 2014 Housing Tax Credits. Mary reviewed the documentation provided to the Board, including 2014 QAP Section 9 Award Determination Language; Housing Tax Credit Project list for the last ten years; Project Summary tables; and Project Market Study Summary sheets. Bruce Brensdaal reviewed the process. Each applicant will have ten minutes to present the project. The Board will listen to the presentations; however, no decision will be made at this meeting. After the presentation, the Board will consider three questions to help stimulate discussion:

1. Does this project address rural vs. geographical distribution of the Housing Tax Credits?

2. Does this project address the affordable housing needs of the community it is located such as new construction vs. rehabilitation, senior vs. family and are the income and rent levels appropriate?
3. Are the project costs and expenses reasonable?

Nate Richmond, BlueLine Development, presented the Apsaalooke Warrior Apartments, located on the Crow Agency. This project is a New Construction project with 15 one-bedroom for homeless veterans. The Crow Agency has never received Tax Credits. Shawn Backbone, Paul LittleLight, and Karl Little Owl spoke in support of the Apsaalooke Warrior Apartments. Pat Melby stated the project will have supportive services available. Sheila Rice mentioned this project is rural and has never had Tax Credits and the costs of this project are higher.

Jim Morton, Director of HRDC District XI, presented the Aspen Place, located in Missoula. This project is a New Construction project with 24 one-bedroom and 12 two-bedroom for senior living. Pat Melby stated this is an urban project in Missoula with very reasonable costs. Sheila Rice stated Missoula has been over-served by Tax Credits relative to other areas within the State.

Karen Thomas, HRDC District IV, presented the Antelope Court/Buffalo Court II, located in Havre. This project is a New Construction project with 20 one-bedroom and 4 two-bedroom for senior living. Diane Savasten Getten, Eryn Nissen, and Fern Lohse spoke in support of the Buffalo Court II project. Sheila Rice stated the costs are very high due to the accessibility and Havre has received Tax credits recently.

Heather McMilin, Homeword, presented the Cedar View, located in Malta. This project is a moderate to extensive Acquisition/ Rehabilitation project with 18 two-bedroom and 14 three-bedroom for family living. Pat Melby stated he supports the preservation of existing housing projects. Doug Kaercher stated that Malta is being impacted by the Baakan growth and has never received Tax Credits.

David Bland, Travois, presented the Chippewa Cree Homes, located on the Rocky Boy Reservation. This project is an Acquisition/ Rehabilitation project with 20 two-bedroom, 15 three-bedroom and 5 five-bedroom for family living. Doug Kaercher stated that these housing units are in desperate need of rehabilitation. Doug and Sheila Rice stated the acquisition from Housing Authority to Housing Authority needs clarity.

Craig Taylor, Communities for Veterans, presented the Freedoms Path II, located at Fort Harrison. This project is a New Construction project with 36 two-bedroom, 9 three-bedroom and 9 four-bedroom for family living. Adam Grater, Michael Tolomeo, Dennis Martin, Garrett Sumner and Olivia Tooley spoke in support of Freedoms Path II. Pat Melby inquired about the available services with the response to register with Veterans Affairs in order to utilize the VA services including case management and eligibility of benefits with the long term goal of education and training. Sheila Rice stated while this project will serve single homeless veterans, there are no one-bedroom units planned.



Diane Hunt, Syringa Housing Corp, presented the Gallatin Forks, located in Manhattan. This project is an Acquisition/Rehabilitation project with 8 one-bedroom and 8 two-bedroom for family living. Sheila Rice stated that it is always good to look at preservation of a housing project. The project has a fairly low cost per unit and Manhattan has never had Tax Credits.

Jennifer Borland, North Evergreen Village/Guardian Housing, presented the North Evergreen Village, located just outside of Kalispell. This project is a New Construction project with 10 three-bedroom and 5 four-bedroom for family living with emphasis disabled family members. Doug Kaercher noted the cost per unit is considerably higher than most projects due to the disability aspect. Pat Melby expressed the concern of the availability of services due to its location.

Alex Burkhalter, Housing Solutions, presented the Pearson Place, located in Glendive. This project is a New Construction project with 18 two-bedroom and 9 three-bedroom for family living. Doug Kaercher stated this project is fairly low cost for new construction and is very rural. Ingrid Firemoon stated that living close to Glendive, she has seen Glendive's rent has skyrocketed and has moved towards Wolf Point. This project would help with the Bakken growth.

Lucy Brown, Housing Authority of Billings, presented the Red Fox Apartments, located in Billings. This project is a New Construction project with 4 one-bedroom, 20 two-bedroom, 4 three-bedroom and 2 four-bedroom for family living. It was noted this project is equally distributed between urban and rural geographical distribution.

Lori Davidson and Harlan Wells, Missoula Housing Authority, presented the River Ridge, located in Missoula. This project is an Acquisition/Rehabilitation project with 56 one-bedroom and 14 two-bedroom for senior living. Sheila Rice stated the project is only 16 years old and there are other projects that appear to be in more dire situations.

Rusty Snow, Summit Housing Group, presented the Stoneridge Apartments, located in Bozeman. This project is a New Construction project with 30 two-bedroom and 18 three-bedroom for family living.

Paul Groshart from Richland County Housing Authority and Don Sterhan from Mountain Plains Equity Group presented the Sunset Village, located in Sidney. This project is a New Construction project with 6 one-bedroom, 15 two-bedroom, 12 three-bedroom and 3 four-bedroom for family living. Doug Kaercher stated the need for housing is obvious; however, Sidney received Tax Credits in 2012.

Colby Turtaus, Accessible Space Inc., presented the Voyageur Apartments, located in Great Falls. This project is a New Construction project with 24 one-bedroom and 14 two-bedroom for senior living.

Bruce Brensdal stated the deadline for the full application is October 7, 2013 and applicants will have the opportunity to update the Board on their final application. Applicants should plan for a presentation of no more than five minutes.

Mary Bair reminded the Board of the 2015 Qualified Allocation Plan planning session will be on August 21 and 22, 2013 at Fairmont Hot Springs.

**EXECUTIVE DIRECTOR**

Bruce Brensdal stated the 2014 State Housing Conference will be in Miles City. It will be in May, 2014.

Meeting adjourned at 2:55 p.m.



Sheila Rice, Secretary

11/04/2013

Date



RESOLUTION NO. 13-0812-S3

A RESOLUTION OF THE MONTANA BOARD OF HOUSING MAKING FINDINGS WITH RESPECT TO HOUSING NEEDS WITHIN MONTANA; APPROVING THE ISSUANCE AND DELIVERY OF, AND AUTHORIZING THE DETERMINATION OF CERTAIN TERMS OF, A NEW ISSUE OF SINGLE FAMILY BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000 TO REFUND OUTSTANDING BONDS AND TO PURCHASE LOANS; APPROVING THE SALE OF SAID BONDS PURSUANT TO A PURCHASE CONTRACT; APPROVING THE SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT, CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; AUTHORIZING THE EXECUTION OF SUCH DOCUMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the Montana Board of Housing (the "Board") is authorized pursuant to the Montana Housing Act of 1975, Montana Code Annotated, Sections 90-6-101 through 90-6-127, as amended (the "Act"), to issue and refund its bonds and to purchase mortgage loans or mortgage-backed securities in order to finance single family housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State of Montana (the "State"); and

WHEREAS, the Board has previously implemented mortgage purchase programs in order to finance single family dwellings in the State for families and persons of lower income; and

WHEREAS, the Board intends to issue its Single Family Program Bonds, 2013 Series B in an aggregate principal amount not to exceed \$75,000,000 (the "2013 Series Bonds"), under the provisions of the Trust Indenture dated August 16, 1979, as amended (the SFII Indenture"), between the Board and Wells Fargo Bank, National Association (as successor trustee), as trustee, which 2013 Series Bonds will be used to refund all or a portion of the Board's outstanding Single Family Program Bonds, 2004 Series A and 2004 Series B, and to provide additional moneys to finance single-family dwellings in the State pursuant to the Mortgage Purchase and Servicing Guide and the forms of the Invitation to Participate and Notice of Acceptance previously approved by the Board, and to fund certain reserve funds, if necessary; and

WHEREAS, a 2013 Series B Supplemental Trust Indenture (the "Supplemental Indenture") (together with the SFII Indenture under which the 2013 Series Bonds are to be issued, which it supplements, the "Trust Indenture"), between the Board and Wells Fargo Bank, National Association (as successor trustee), as Trustee, will be prepared in substantially the form of such document which is on file with the Board (and is in the form previously approved by the Board and used in connection with the issuance of the Single Family Program Bonds, 2013



Series A (the “2013 Series A Bonds”)), whereby the Board would issue the 2013 Series Bonds subject to the terms, conditions and limitations established in the Trust Indenture; and

WHEREAS, a Preliminary Official Statement (the “Preliminary Official Statement”) will be prepared in substantially the form of such document which is on file with the Board (and is in the form previously approved by the Board and used in connection with the marketing of the 2013 Series A Bonds), containing certain information relating to the Board, the Trust Indenture and the 2013 Series Bonds, and which will be distributed to the prospective purchasers of the 2013 Series Bonds and others by a group of investment dealers and brokers represented by RBC Capital Markets, LLC (the “Underwriters”); and

WHEREAS, a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be dated as of the date of the delivery of the 2013 Series Bonds will be prepared in substantially the form of such document which was previously approved by the Board and used in connection with the sale of the 2013 Series A Bonds (updated to comply with the changes to Rule 15c2-12 of the United States Securities and Exchange Commission), containing the agreement of the Board to annually update certain financial and operating information in the final Official Statement (as hereinafter described) and to timely provide notice of the occurrence of certain specified events; and

WHEREAS, a Purchase Contract (the “Purchase Contract”), to be dated the date of sale of the 2013 Series Bonds, between the Board and the Underwriters, will be prepared in substantially the form of such document which was previously approved by the Board and used in connection with the sale of the 2013 Series A Bonds, pursuant to which the Board would agree to sell and the Underwriters would agree to purchase the 2013 Series Bonds, at the prices and upon the terms and conditions therein set forth;

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING as follows:

**Section 1. Findings.**

(a) The Board hereby finds and determines:

(i) that the homes to be financed through the issuance of 2013 Series Bonds, and the purchase by the Board from proceeds thereof of mortgage loans or mortgage-backed securities as contemplated by the Trust Indenture, constitute “housing developments” within the meaning of Section 90-6-103(8) of the Act; and

(ii) that the housing market area to be served by homes to be financed as aforesaid consists of the entire State of Montana.

(b) In accordance with Section 90-6-109 of the Act, the Board previously found and hereby confirms:

(i) that there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of lower income can afford within the general housing market area to be served;

(ii) that private enterprise has not provided an adequate supply of decent, safe and sanitary housing in the housing market area at rentals or prices which persons or families of lower income can afford, or provided sufficient mortgage financing for homes for occupancy by persons or families of lower income;

(iii) that the conditions, restrictions and limitations contained in the Trust Indenture and contained in the program documents relating to the mortgage loans financed thereby and to be financed are sufficient to ensure that the homes will be well planned and well designed so as to constitute decent, safe and sanitary housing and that the "housing sponsors" (as defined in Section 90-6-103(10) of the Act) are financially responsible;

(iv) that the homes financed and to be financed which are referred to in paragraph (a) above will be of public use and will provide a public benefit, taking into account the existence of local government comprehensive plans, housing and land use plans and regulations, area-wide plans and other public desires;

(v) that the homes financed and to be financed with the proceeds of the 2013 Series Bonds do not involve the construction of "second homes," which are defined in the Act to mean homes which would not qualify as the primary residence of the taxpayer for federal income tax purposes relating to capital gains on the sale or exchange of residential property; and

(vi) that the findings required by Section 90-6-109(1)(f) of the Act are inapplicable because the homes financed by the 2013 Series Bonds do not involve direct loans.

**Section 2. Approval of Supplemental Indenture.** The Supplemental Indenture is hereby approved in the form described above and the Chairman or the Vice Chairman of the Board is hereby authorized and directed to execute and deliver the Supplemental Indenture with such changes, insertions or omissions therein as may be approved by such Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the Supplemental Indenture, and the Treasurer, the Secretary or any other member of the Board is hereby authorized and directed to attest thereto.

**Section 3. Authorization of Bonds.** The issuance, sale and delivery of the Board's 2013 Series Bonds, in one or more subseries, is hereby authorized and approved, subject to the following provisions. The 2013 Series Bonds shall be issued in an aggregate principal amount (not to exceed \$75,000,000), mature on the date or dates (but no more than 40 years from the date of issuance), bear interest at the rate or rates (not exceeding 6.0% per annum), be sold to the



Underwriters for an amount (but not less than 98.5% of the principal amount of the Bonds), be subject to optional, special optional, mandatory and sinking fund redemption, be issued under the SFII Indenture, and have such other terms and provisions, all as are determined by the Chairman and Executive Director (with the advice of such members of the Board as are available upon the pricing of the 2013 Series Bonds) and definitively set forth in the Supplemental Indenture or Purchase Contract upon execution and delivery as authorized in Sections 2 and 5 hereof. The 2013 Series Bonds shall be executed and delivered substantially in the form set forth in the Trust Indenture, with such additions, omissions and changes as are required or permitted by the Trust Indenture. The 2013 Series Bonds shall be executed in the name of the Board by the Chairman or the Vice Chairman of the Board, and attested to by the Secretary or the Treasurer, each of whom is hereby appointed as an Authorized Officer (as such term is defined in the Trust Indenture) for purposes of executing and attesting the 2013 Series Bonds. Such signatures may be in facsimile, provided, however, that such 2013 Series Bonds shall not be valid or obligatory for any purpose until authenticated by the manual signature of an authorized officer of the Trustee.

**Section 4. Approval of Preliminary Official Statement and Official Statement.** The Preliminary Official Statement is hereby approved in the form described above, with such changes, insertions or omissions therein as may be approved by the Executive Director, and the Chairman or the Vice Chairman of the Board is hereby authorized to execute and deliver a final official statement (the “final Official Statement”) substantially in the form of the Preliminary Official Statement with such changes, insertions or omissions therein as may be approved by the Chairman or Vice Chairman, such approval to be evidenced conclusively by such execution of the final Official Statement.

**Section 5. Approval of Purchase Contract and Sale of the Bonds.** The Purchase Contract is hereby approved in the form described above and the execution of the Purchase Contract by the Chairman, the Vice Chairman or Executive Director of the Board is hereby authorized and directed in order to effectuate the sale of the 2013 Series Bonds which such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Purchase Contract.

**Section 6. Approval of Continuing Disclosure Agreement.** The Continuing Disclosure Agreement is hereby approved in the form described above, and the Chairman or Vice Chairman of the Board or the Executive Director is authorized and directed to execute and deliver the same with such changes, insertions or omissions therein as may be approved by such person, such approval to be evidenced conclusively by such execution of the Continuing Disclosure Agreement.

**Section 7. Approval of Program Documents.** The Executive Director and Single Family Program Manager are hereby authorized to continue to use the form of the Mortgage Purchase and Servicing Guide, Invitation to Participate and Notice of Acceptance presently in use, and to the extent they deem necessary and appropriate, the Executive Director and Single Family Program Manager are authorized to execute and deliver the same, with such changes, insertions or omissions therein as may be approved by such person, to continue the Single Family Program.



**Section 8. Ratification of Prior Actions.** All action previously taken by the officers, members or staff of the Board with respect to the Trust Indenture, the Preliminary Official Statement, the Purchase Contract and the 2013 Series Bonds is hereby approved, confirmed and ratified.

**Section 9. Execution of Documents.** In the event of the absence or disability of the Chairman, the Vice Chairman or the Treasurer of the Board, or if for any other reason any of them are unable to execute the documents referred to in this Resolution, such documents may be executed by another member of the Board or by the Single Family Program Manager or the Accounting and Finance Manager, with the same effect as if done by the Chairman, the Vice Chairman or the Treasurer of the Board and without the further authorization of the Board. The execution of such documents by such member shall be conclusive evidence of his or her authority to so act.

**Section 10. Execution of Tax Certificate and Declaration of Intent.** The Chairman, the Vice Chairman or the Executive Director of the Board is hereby authorized to issue certifications as to the Board's reasonable expectations regarding the amount and use of the proceeds of the 2013 Series Bonds as described in Section 148 of the Internal Revenue Code of 1986, as amended. The Board also hereby declares its intention, within the meaning of Section 1.150-2 of the Internal Revenue Code regulations, to facilitate continuous funding of its Single Family Program (as described above) by, from time to time, financing mortgage loans and then issuing bonds in one or more series within 18 months thereof to reimburse itself for such financing, all in an amount to be then determined by the Board and presently expected to not exceed the amount of the Bonds authorized by Section 3 hereof, provided that this declaration does not obligate the Board to issue any such bonds.

**Section 11. Additional Actions Authorized.** The Chairman, the Vice Chairman, the Secretary or any other member of the Board, and the Executive Director and Treasurer, the Single Family Program Manager and the Accounting and Finance Manager, acting alone or acting with others, are hereby authorized and directed to execute and deliver any or all other documents which may be required under the terms of the Trust Indenture and the Purchase Contract, and to take such other action as may be required or appropriate for the performance of the duties imposed thereby or to carry out the purposes thereof, and the members and officers named above are hereby designated as Authorized Officers for such purposes.

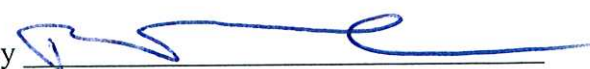
**Section 12. Effective Date.** This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 12<sup>th</sup> day of August, 2013.

MONTANA BOARD OF HOUSING

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Treasurer/Executive Director



**RESOLUTION NO. 13-0812-S2**

A RESOLUTION AUTHORIZING THE ISSUANCE OF MORTGAGE CREDIT CERTIFICATES ("MCCs"); APPROVING THE FORMS OF THE MCC PROGRAM GUIDE AND RELATED ITEMS; AUTHORIZING THE EXECUTIVE DIRECTOR TO FILE ONE OR MORE MCC ELECTIONS WITH THE INTERNAL REVENUE SERVICE; AUTHORIZING THE EXECUTIVE DIRECTOR TO DETERMINE THE MCC RATES, TERMS AND CRITERIA; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO GIVE NOTICE AS REQUIRED BY THE FEDERAL TAX LAWS OF THE IMPLEMENTATION OF THE MCC PROGRAM.

WHEREAS, the Montana Board of Housing (the "Board") is authorized by Montana Code Annotated Sections 90-6-100 through 90-6-127 and Section 2-15-1814 (the "Act") to issue its bonds and to purchase mortgage loans in order to finance single-family housing which will provide decent, safe and sanitary housing for persons and families of lower income in the State; and

WHEREAS, the Board is an authorized issuer of "qualified mortgage bonds" described in Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds; and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit the Board to exchange its authority to issue qualified mortgage bonds and other private activity bonds for which it has volume cap in order to issue mortgage credit certificates under a qualified mortgage credit certificate program; and

WHEREAS, an MCC provides housing assistance in the form of a nonrefundable, federal tax credit, the value of which is equal to a portion of the mortgage interest paid by a homeowner on certain qualifying loans, and the holder of an MCC may apply this tax credit against on his or her federal income taxes in each year the MCC is effective; and

WHEREAS, the Board desires to provide the widest range of alternatives to lower-income borrowers to enable them to finance the acquisition of single-family residences at the lowest effective cost to such borrowers (collectively, such alternatives are referred to as the "Single Family Programs"); and

WHEREAS, as part of the Single Family Programs, the Board currently administers an MCC program (the "MCC Program") and wishes to increase the amount available for MCCs; and

WHEREAS, in connection with such MCC Program, the Board desires to elect not to issue private activity bonds which it could otherwise issue (including from any unused carryforward of private activity bond authority from prior calendar years);



NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA BOARD OF HOUSING, as follows:

**Section 1.** The Board approves and authorizes a continuation of the current MCC Program, pursuant to one or more elections, benefiting qualified homebuyers and homeowners who incur mortgage loans for eligible purposes. The parameters and purposes of this continued MCC Program shall be substantially similar to the Board's current MCC Program, and such parameters are hereby approved in substance, with such changes and modifications as the Executive Director, the staff and counsel to the Board deem necessary and advisable, and are incorporated by reference as part of this Resolution.

**Section 2.** The Board finds and determines that it is necessary to exchange its authority to issue up to \$24,000,000 of private activity bonds for the authority to issue MCCs. The Board directs the Executive Director to make one or more elections, pursuant to Section 25 of the Code, not to issue up to an aggregate of \$24,000,000 of private activity bonds (the "nonissued bond amount") that the Board is authorized and has volume cap available to issue (including any unused carryforward). The nonissued bond amount shall be allocated to a continuation of the current MCC Program. To effectuate the foregoing, the Executive Director is directed to file notice of such election or elections with the Internal Revenue Service, as required by the Code and the regulations.

**Section 3.** The Board authorizes the Executive Director to establish one or more credit rates (based on the criteria he deems appropriate pursuant to the following sentence) for the mortgage loans described therein, determine the program expiration date, select the types of mortgage loans for which MCCs may be issued, approve the terms and conditions on which participating lenders make loans that are eligible for MCC financing, and make other determinations as appropriate, all in accordance with the terms and provisions of Section 25 of the Code and the regulations thereunder and this Resolution. The Executive Director and the staff are hereby directed to further define the MCC Program parameters, as they deem appropriate and necessary to maximize the availability of lower cost financing to low- and moderate-income persons under the Single Family Programs.

**Section 4.** The forms of the MCC Program Guide and related items shall be substantially the same as those for the current MCC Program, which are hereby approved in substance, with such changes and modifications as the Executive Director and counsel to the Board deem necessary, appropriate and advisable.

**Section 5.** The Executive Director shall give notice to the public of the establishment of each MCC program as required by Section 25 of the Code and the regulations thereunder prior to the issuance of any MCCs under the MCC Program.

**Section 6.** The Board ratifies and approves the use of any unused private activity bond volume cap allocated to the Board (including any amount carried forward for the previous calendar years) in connection with the issuance of MCCs.

**Section 7.** This Resolution shall become effective immediately.

ADOPTED by the Montana Board of Housing this 12th day of August, 2013.

MONTANA BOARD OF HOUSING

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Treasurer/Executive Director



**RESOLUTION OF MONTANA BOARD OF HOUSING**  
**Multifamily Resolution 13-0812-MF1**  
**August 12, 2013**

The Montana Board of Housing finds, determines and resolves as follows:

1. The 2014 Qualified Allocation Plan ("QAP") adopted by the Board contains a typographical error in Section 9 (Evaluation and Award), Development Evaluation Criteria and Scoring, Item 10, Intermediary Costs (p. 26), i.e., the word "not" was inadvertently omitted from the definition of "hard costs" in the second paragraph, clause (ii), following "UNIAPP which are" and before "included as professional work and fees . . . ."
2. The Board intended that clause (ii) in the second paragraph of the above-referenced Intermediary Cost provision of the 2014 QAP read as follows: "(ii) 'hard costs' are and include all costs included by the applicant in the UNIAPP which are not included as professional work and fees, interim costs, financing fees and expenses, syndication costs and developer's fees by the Intermediary Cost Analysis."
3. Application of the Intermediary Cost provision of the 2014 QAP as literally written, i.e., with the typographical error, would result in every application having a soft-to-hard-cost ratio of 100 percent (assuming soft and hard costs within the ranges historically included in tax credit applications). As a result, the highest available point score for Intermediary Costs would be 5 points, depending upon the project's development fee amount. Application of the Intermediary Cost provision with the typographical error would fail to account for any differences among applications with respect to soft-to-hard-cost ratio, rendering the provision meaningless.
4. Section 4 of the 2014 QAP provides that the Board, in its discretion, may waive any requirement of the QAP if it determines such waiver to be in the best interests of MBOH, the LIHTC program or the application cycle.
5. Waiver of the Intermediary Cost provision on pp. 26-27 of the 2014 QAP, in its entirety, is in the best interests of the MBOH, the LIHTC program and the application cycle. Amendment of the 2014 QAP to correct the error prior to the deadline for submission of full applications is not practical. Application of the provision as written would be contrary to common sense and would fail to distinguish projects based upon soft-to-hard-cost ratio. Application of the provision as intended, i.e., with the typographical error corrected, would make application scoring under this provision and, potentially, the 2014 tax credit awards, susceptible to legal challenge. Preservation of the existing application and award determination schedule is in the best interests of the MBOH, the LIHTC program and the application cycle. The only practical way to preserve the established schedule is to waive the application of the provision in its entirety.



ATTACHMENT III

6. Waiver of this provision includes waiver of the 10 points possible under this provision and waiver of a corresponding number of points from the minimum point threshold. The current 80 point threshold is 76.9% of the 104 total points possible. Accordingly, waiving the Intermediary Cost provision and the corresponding points, the minimum threshold is 72 of a possible 94 points (.769 x 94 rounded to the nearest point).
7. For purposes of Full Application for, and award and allocation of, tax credits under the 2014 QAP, the Intermediary Cost development evaluation criterion provision on pp. 26-27 of the 2014 QAP, and all points available under such provision, shall be waived in their entirety, and the resulting minimum threshold development evaluation criteria score shall be 72 out a possible 94 points.
8. Board staff is hereby directed, no later than ten (10) business days following the Board's adoption of this resolution, to provide a copy of this resolution to each applicant that submitted a 2014 Pre-Application and to post a copy of this resolution on the Board's website.

Moved By: Sheila Rice  
Seconded By: Doug Kaercher

In Favor: 5  
Opposed: 0